Performance Measurement of PT. Gemilang Kencana Abadi Using Balanced Scorecard Approach

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Abstract: *This study was conducted to find out and identify the results of PT Gemilang Kencana Abadi's current performance measurement. The goal is to analyze the aspects that need to be improved as an effort that can be done to improve performance and achieve the company's target using balanced scorecard approach through four perspectives such as financial perspective, customer perspective, internal process perspective, learning and growth perspective. This research also uses the Analytical hierarchy process (AHP) approach to assist in making strategic decisions to improve company's performance. The result of this study indicate that the PT. GKA's performance in 2017 is in the medium category with a score of 86,50. Strategic targets within the red category are improving relationships with new customers and improving employee skills.*

Keywords: Balanced Scorecard, financial perspective, customer perspective, internal process perspective, learning and growth perspective, Analytical hierarchy process

1. Introduction

Performance measurement is one of the most important factors for the company. The result of performance measurement can be used as a basis for preparing company's strategy in the future. So far the traditional performance measurement only focuses on financial aspects only. Traditional management performance measurement system is generally more emphasis on financial aspects, whereas performance measurement based only on financial benchmarks is no longer adequate because it has many weaknesses (Niven and Paul, 2006), one of which is the use of financial performance as the only the company's performance determinants will encourage managers to take short-term actions at the expense of long-term interests.

Today's performance measurement based on the financial side does not adequately reflect the actual performance of the organization, therefore a Balanced Scorecard approach is developed. Balanced Scorecard approach measures the performance of an organization from four perspectives: financial perspective, customer perspective, internal business process perspective, growth and learning perspective. According to Kaplan and Norton (2000), the Balanced Scorecard is a new framework for integrating various measures derived from corporate strategy.

PT. GemilangKencanaAbadi is a trading company established in 2013. The company has a vision of "Being a trading company and food producer that is superior and reliable and able to compete optimally in Indonesia". Currently PT. GemilangKencanaAbadi focus on selling corn, caramel, salt, popping oil and popcorn machine from united states which will be sold to movie theater in Indonesia. PT GemilangKencanaAbadi in its business journey increasingly gained big trust from consumers in Indonesia. Currently PT GemilangKencanaAbadi has a positive growth average associated with the number of stores that continue to grow from 2014-2017.Below is presented data growth of number of stores from 2014 to 2017.

Table 1: Growth of store numbers in 2014-2017

Year	Number of Stores
2014	23
2015	31
2016	49
2017	92

Table 1 shows that on average the number of stores has increased from 2014-2017. The highest increase in store number occurred in 2017, which is 88% of total stores in 2016, this is because two major consumers of PT GemilangKencanaAbadi who have permission to open movie theater in Indonesia haveopenednew store with a large number. Based on interview with Head of Operation PT. GemilangKencanaAbadi, so far the company's performance is considered in good condition and growing by seeing the number of store that keep increasing every year. In addition, according to him, the company's performance so far can be seen from the increase of total business revenue every year. The following is presented data of business income per year PT GemilangKencanaAbadi from 2014 to 2017.

Table 2: Total revenues per year PT GemilangKencanaAbadi year 2014-2017

Year	Total Revenue (in Rupiah)
2014	Rp 6.265.178.814
2015	Rp 8.713.951.489
2016	Rp 13.457.536.226
2017	Rp 24.104.174.757

Table 2 shows that on average the total operating revenues of PT GemilangKencanaAbadi continue to increase from 2014-2017. The highest increase in total business revenue occurred in 2017 amounting to 79% of total revenues in 2016. President Director of PT GemilangKencanaAbadi explained that in the future the company will plan to build caramel and popping oil factory so that it does not need to import from the United States. However, there are some problems faced by PT GemilangKencanaAbadi in realizing the plan. So far the company has no experience in building and running the factory. According to Head of Operaton of PT GemilangKencanaAbadi, things that need to be prepared are large capital, quality human resources both inside and

outside Jakarta, preparing job description and standard of operational procedures more structured, and proposing the construction permit factory.

Based on the current state and future plans to be undertaken by PT GemilangKencanaAbadi, the management and staff should make good planning in terms of finance, service, operations and human resources aspect. So far, performance measurement is still limited to measure the increase of total revenue and growth store every year. It shows that the performance measurement conducted by the company has not measured all aspects completely. According to Moeheriono (2010) performance measurement is a process of assessment of the progress of work on goals and objectives in the management of human resources to produce goods and services, including information on the efficiency and effectiveness of actions in achieving organizational goals. Sedarmayanti (2011) said that performance measurement is a management tool used to improve the quality of decision making and accountability.

Based on the above problem statements, this study aimed to achieve two main objectives, namely:
1. Identify performance measurement results of PT. GemilangKencanaAbadi.
2. Analyzing aspects that need to be improved as an effort that can be done by PT. GemilangKencanaAbadi to improve performance and achieve the company's target by using Balanced Scorecard approach.

2. Research Methods

This study uses primary data and secondary data. Primary data were obtained by direct observation, interview and through questionnaire. While secondary data collected through literature study. Data were collected to obtain the information needed in order to achieve the research objectives.

This research was conducted by using descriptive method that is exposure assessment to describe the things stated in the research, where the research is conducted directly on PT GemilangKencanaAbadi. Qualitative analysis is used to describe the vision-mission of PT GemilangKencanaAbadi into goals and strategies, to further determine the target strategy and performance measures in four BSC perspectives. In addition, quantitative analysis is also used in weighting using AHP methods and also scoring on key performance indicators. This research was conducted in September 2017 until December 2017, located at PT. GemilangKencanaAbadi, Jakarta.

Initial data collection was conducted by conducting literature study. Using some references in the form of previous research, analyzing the problems faced by PT GemilangKencanaAbadi, journals and from various books and data obtained from PT GemilangKencanaAbadi year-end report. Next is to conduct Focus group discussions with the aim of reducing the key strategic objectives and key performance indicators that have been identified previously. Focus group discussion was conducted by gathering experts from PT GemilangKencanaAbadi who are considered to have the capacity and fulfill the requirement to give input in the effort to improve the performance of PT

GemilangKencanaAbadi. In-depth interviews were conducted to obtain important information from PT GemilangKencanaAbadi. The purpose of this type of interview is to find the problem more openly, where the party to be interviewed is asked for opinions, and ideas. In conducting interviews researchers need to listen carefully and record what the informant says.

In this study, data is processed using Software Expert Choice 2011. Analytical hierarchy process method is used in this study to see the weight of perspective, strategic objectives and also key performance indicators at PT GemilangKencanaAbadi. Marimin and Maghfiroh (2013), suggests that there are three principles in solving problems with explicit logical analysis through AHP: hierarchy, priority setting, and logical consistency. Scoring method is used in calculating performance stages at PT GemilangKencanaAbadi, calculating the score of each perspective, calculating the strategic goal score and calculating the score of each key performance indicator.

3. Result and Discussions

Determining these strategic objectives and key performance indicators is based on the results of in-depth interviews and discussions in the FGDs attended by the President Director, Head of Sales & Marketing, Head of Finance, Head of Business & Development, and Head of Operations of PT GemilangKencanaAbadi. Through the results of in-depth interviews and FGDs produced seven strategic objectives. The strategic objectives can be seen in Table 3.

Table 3: Strategic target of PT GemilangKencanaAbadi in every perspective after FGD

Perspective	Strategic Target
Finance	Increase Profit
Customer	Increase Customer Loyalty
	Improve relationships with new customer
International Business Process	Development of quality products
	Development of quality services
Learning & growth	Improve employee skills
	Developing employee knowledge

Strategy Map
The strategic map is an explanation of the linkages between a number of strategic goals in the form of causal relationships to explain an organization's strategy. the strategic map of PT GemilangKencanaAbadi is based on the pre-defined strategic objectives. Strategic map arrangement depicts a clear causal relationship between four perspectives on PT GemilangKencanaAbadi that is learning and growth perspective, internal business process perspective, customer perspective and the last is financial perspective. The causal relationship can be seen in Figure 1
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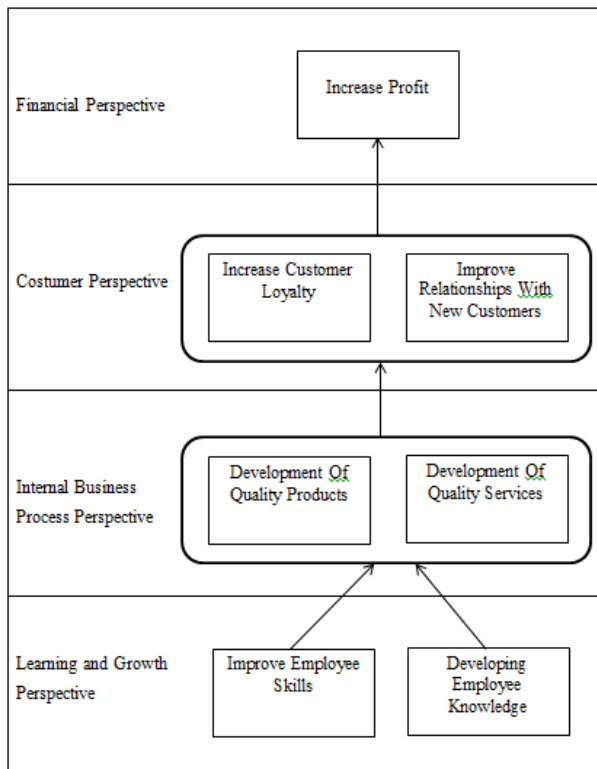
Figure1: Strategic Map of PT GemilangKencanaAbadi

The next is deciding the level of priority by using AHP analysis tool. Based on the result of AHP which had been converted, it was used as the weight in measuring the performance of PT GemilangKencanaAbadi through balanced score card approach. The perspective with high weight was customer perspective weighted 0.270, then learning and growth perspective weighted 0.266, internal business process weighted 0.262, the last is financial perspective 0.202. The result indicating that the customer perspective is a top priority with the priority value of 0.270. Based on these results can be said that the focus of PT GemilangKencanaAbadi in an effort to improve the company's performance not only in the financial perspective but more prioritize on the customer aspect. This is in line with the results of interviews conducted with experts who argue that the customer is an important aspect in determining the business continuity of PT GemilangKencanaAbadi. The strategic objective on a customer perspective with the highest value is on improving customer relationships with a weight of 0.526. Improving relationships with new customers will increase the chances of increased purchases that affect profits earned by the company.

Table 4: Perspective Weighting After the Simulation

Perspective	Weight
Customer	0.270
Learning & growth	0.266
Internal Business Process	0.262
Financial	0.202

Implementation of performance measurement with balanced scorecard approach on PT GemilangKencanaAbadi needs to be done in order to know the performance of company in certain period.In this study the target is determined from the achievement of the past or the achievement of the previous year which is in 2016. Last year's achievement is the result to be achieved by PT GemilangKencanaAbadi in 2017. Other key performance indicators are also determined from the target in the same way, based on achievement in the previous year. After the target can be known the next step is to calculate the realization in 2017.

After creating targets, the next step is to determine the scores of key performance indicators, strategic goals and perspectives then the performance score of PT GemilangKencanaAbadi as a whole. In determining the category of achievement of strategic targets and perspectives, as well as the achievement of PT GemilangKencanaAbadi's performance requires the scale or value of the index as a reference. In this study the scoring scale is based on the index value or scale formulated by moeheriono (2012).

Table 5: The index value or scale formulated by moeheriono (2012)

Scale (%)	Status	Category
$X < 80$	Red	Low
$80 \leq X < 100$	Yellow	Medium
$X \geq 100$	Green	High

The results showed that the performance of PT. GKA 2017 is in the medium category with a score of 86.50. Strategic targets that fall within the red category are improving relationships with new customers and improving employee skills.

4. Conclusion

As an effort to know and improve the performance of PT GemilangKencanaAbadi, it is necessary to design a performance measurement with Balanced Scorecard approach. Based on the results of research that has been done can be formulated four perspectives, seven strategic goals and twelve key performance indicators to measure the performance of PT GemilangKencanaAbadi.Based on the result of weighting perspective, strategic goals and key performance indicators from PT GemilangKencanaAbadi, customer perspective is the perspective with the highest priority level then followed by learning and growth perspective, internal business process perspective, financial perspective. This indicates that customers have an important role in improving the performance of PT GemilangKencanaAbadi.PT GemilangKencanaAbadi should give priority to customer perspective and learning and growth perspective. If it becomes a priority, it is expected to increase the profit earned by the company every year.

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